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**SUBSTITUTE SENATE BILL 6481**

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**State of Washington**

**58th Legislature**

**2004 Regular Session**

**By** Senate Committee on Commerce & Trade (originally sponsored by Senators Hewitt, Jacobsen, Deccio, Rasmussen and Honeyford)

READ FIRST TIME 02/06/04.

1       AN ACT Relating to governing class 1 racing associations' authority  
2 to participate in parimutuel wagering; amending RCW 67.16.200; adding  
3 a new section to chapter 67.16 RCW; and declaring an emergency.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5       NEW SECTION. **Sec. 1.** A new section is added to chapter 67.16 RCW  
6 to read as follows:

7       (1) The horse racing commission may authorize advance deposit  
8 wagering to be conducted by:

9       (a) A licensed class 1 racing association operating a live horse  
10 racing facility; or

11       (b) The operator of an advance deposit wagering system accepting  
12 wagers pursuant to an agreement with a licensed class 1 racing  
13 association. The agreement between the operator and the class 1 racing  
14 association must be approved by the commission.

15       (2) No system of advance deposit wagering located outside of or  
16 within the state of Washington may accept wagers from residents or  
17 other persons located within this state, nor shall residents or other  
18 persons located within this state place wagers through advance deposit  
19 wagering systems, except with a licensed class 1 racing association

1 authorized to conduct advance deposit wagering, or an operator of an  
2 advance deposit wagering system under an agreement approved by the  
3 commission with a licensed class 1 racing association. Advance deposit  
4 wagering may be accepted for races conducted in the state of Washington  
5 under a class 1 license or races not conducted within the state of  
6 Washington on a schedule approved by the class 1 licensee.

7 (3) As used in this section, "advance deposit wagering" means a  
8 form of parimutuel wagering in which an individual deposits money in an  
9 account with an entity authorized by the commission to conduct advance  
10 deposit wagering and then the account funds are used to pay for  
11 parimutuel wagers made in person, by telephone, or through  
12 communication by other electronic means.

13 (4) In order to participate in advance deposit wagering, the holder  
14 of a class 1 racing association license must have conducted at least  
15 one full live racing season. All class 1 racing associations must  
16 complete a live race meet within each succeeding twelve-month period to  
17 maintain eligibility to continue participating in advance deposit  
18 wagering.

19 (5) When more than one class 1 racing association is participating  
20 in advance deposit wagering the moneys paid to the racing associations  
21 shall be allocated proportionate to the gross amount of all sources of  
22 parimutuel wagering during each twelve-month period derived from the  
23 associations' live race meets. This percentage must be calculated  
24 annually. Revenue derived from advance deposit wagers placed on races  
25 conducted by the class 1 racing association shall all be allocated to  
26 that association.

27 (6) The commission shall adopt rules regulating advance deposit  
28 wagering.

29 **Sec. 2.** RCW 67.16.200 and 2001 1st sp.s. c 10 s 2 are each amended  
30 to read as follows:

31 (1) A class 1 racing association licensed by the commission to  
32 conduct a race meet may seek approval from the commission to conduct  
33 parimutuel wagering (~~(on its program)~~) at a satellite location or  
34 locations within the state of Washington. In order to participate in  
35 parimutuel wagering at a satellite location or locations within the  
36 state of Washington, the holder of a class 1 racing association license  
37 must have conducted at least one full live racing season. All class 1

1 racine associations must hold a live race meet within each succeeding  
2 twelve-month period to maintain eligibility to continue to participate  
3 in parimutuel wagering at a satellite location or locations. The sale  
4 of parimutuel pools at satellite locations shall be conducted (~~only~~  
5 ~~during the licensee's race meet and~~) simultaneous to all parimutuel  
6 wagering activity conducted at the licensee's live racing facility in  
7 the state of Washington. The commission's authority to approve  
8 satellite wagering at a particular location is subject to the following  
9 limitations:

10 (a) The commission may approve only one satellite location in each  
11 county in the state(~~(+)~~), except for a county with a population  
12 exceeding one and one-half million which is eligible for three  
13 satellite locations. However, the commission may grant approval for  
14 more than one licensee to conduct wagering at each satellite location.  
15 A satellite location shall not be operated within twenty driving miles  
16 of any class 1 racing facility. For the purposes of this section,  
17 "driving miles" means miles measured by the most direct route as  
18 determined by the commission; and

19 (b) A licensee shall not conduct satellite wagering at any  
20 satellite location within sixty driving miles of any other racing  
21 facility conducting a live race meet.

22 (2) Subject to local zoning and other land use ordinances, the  
23 commission shall be the sole judge of whether approval to conduct  
24 wagering at a satellite location shall be granted.

25 (3) The licensee shall combine the parimutuel pools of the  
26 satellite location with those of the racing facility for the purpose of  
27 determining odds and computing payoffs. The amount wagered at the  
28 satellite location shall be combined with the amount wagered at the  
29 racing facility for the application of take out formulas and  
30 distribution as provided in RCW 67.16.102, 67.16.105, 67.16.170, and  
31 67.16.175. A satellite extension of the licensee's racing facility  
32 shall be subject to the same application of the rules of racing as the  
33 licensee's racing facility.

34 (4) Upon written application to the commission, a class 1 racing  
35 association may be authorized to transmit simulcasts of live horse  
36 races conducted at its racetrack to locations outside of the state of  
37 Washington approved by the commission and in accordance with the  
38 interstate horse racing act of 1978 (15 U.S.C. Sec. 3001 to 3007) or

1 any other applicable laws. The commission may permit parimutuel pools  
2 on the simulcast races to be combined in a common pool. A racing  
3 association that transmits simulcasts of its races to locations outside  
4 this state shall pay at least fifty percent of the fee that it receives  
5 for sale of the simulcast signal to the horsemen's purse account for  
6 its live races after first deducting the actual cost of sending the  
7 signal out of state.

8 (5) Upon written application to the commission, a class 1 racing  
9 association may be authorized to transmit simulcasts of live horse  
10 races conducted at its racetrack to licensed racing associations  
11 located within the state of Washington and approved by the commission  
12 for the receipt of the simulcasts. The commission shall permit  
13 parimutuel pools on the simulcast races to be combined in a common  
14 pool. The fee for in-state, track-to-track simulcasts shall be five  
15 and one-half percent of the gross parimutuel receipts generated at the  
16 receiving location and payable to the sending racing association. A  
17 racing association that transmits simulcasts of its races to other  
18 licensed racing associations shall pay at least fifty percent of the  
19 fee that it receives for the simulcast signal to the horsemen's purse  
20 account for its live race meet after first deducting the actual cost of  
21 sending the simulcast signal. A racing association that receives races  
22 simulcast from class 1 racing associations within the state shall pay  
23 at least fifty percent of its share of the parimutuel receipts to the  
24 horsemen's purse account for its live race meet after first deducting  
25 the purchase price and the actual direct costs of importing the race.

26 (6) A class 1 racing association may be allowed to import  
27 simulcasts of horse races from out-of-state racing facilities. With  
28 the prior approval of the commission, the class 1 racing association  
29 may participate in (~~an interstate~~) a multijurisdictional common pool  
30 and may change its commission and breakage rates to achieve a common  
31 rate with other participants in the common pool.

32 (a) The class 1 racing association shall make written application  
33 with the commission for permission to import simulcast horse races for  
34 the purpose of parimutuel wagering. Subject to the terms of this  
35 section, the commission is the sole authority in determining whether to  
36 grant approval for an imported simulcast race.

37 (b) (~~A licensed racing association may also be approved to import~~

1 ~~one simulcast race of regional or national interest on each live race~~  
2 ~~day.~~

3 ~~(c) The commission may allow simulcast races of regional or~~  
4 ~~national interest to be sent to satellite locations. The simulcasts~~  
5 ~~shall be limited to one per day except for Breeder's Cup special events~~  
6 ~~day.~~

7 (d)) When open for parimutuel wagering, a class 1 racing  
8 association which imports simulcast races shall also conduct simulcast  
9 parimutuel wagering within its licensed racing enclosure on all races  
10 simulcast from other class 1 racing associations within the state of  
11 Washington.

12 ((c) The conduct of parimutuel wagering on imported simulcast  
13 races shall be for not more than fourteen hours during any twenty four  
14 hour period, for not more than five days per week and only at the live  
15 racing facility of a class 1 racing association.

16 (f)) (c) On any imported simulcast race, the class 1 racing  
17 association shall pay fifty percent of its share of the parimutuel  
18 receipts to the horsemen's purse account for its live race meet after  
19 first deducting the purchase price of the imported race and the actual  
20 costs of importing and offering the race.

21 (7) For purposes of this section, a class 1 racing association is  
22 defined as a licensee approved by the commission to conduct during each  
23 twelve-month period at least forty days of live racing. If a live race  
24 day is canceled due to reasons directly attributable to acts of God,  
25 labor disruptions affecting live race days but not directly involving  
26 the licensee or its employees, or other circumstances that the  
27 commission decides are beyond the control of the class 1 racing  
28 association, then the canceled day counts toward the forty-day  
29 requirement. The commission may by rule increase the number of live  
30 racing days required to maintain class 1 racing association status or  
31 make other rules necessary to implement this section.

32 (8) This section does not establish a new form of gaming in  
33 Washington or allow expanded gaming within the state beyond what has  
34 been previously authorized. Simulcast wagering has been allowed in  
35 Washington before April 19, 1997. Therefore, this section does not  
36 allow gaming of any nature or scope that was prohibited before April  
37 19, 1997. This section is necessary to protect the Washington equine  
38 breeding and racing industries, and in particular those sectors of

1 these industries that are dependent upon live horse racing. The  
2 purpose of this section is to protect these industries from adverse  
3 economic impacts and to promote fan attendance at class 1 racing  
4 facilities. (~~Therefore, imported simulcast race card programs shall~~  
5 ~~not be disseminated to any location outside the live racing facility of~~  
6 ~~the class 1 racing association and a class 1 racing association is~~  
7 ~~strictly prohibited from simulcasting imported race card programs to~~  
8 ~~any location outside its live racing facility.)) Therefore, a licensed  
9 class 1 racing association may be approved to disseminate imported  
10 simulcast race card programs to locations outside the live racing  
11 facility of the class 1 racing association, provided that the class 1  
12 racing association has conducted at least forty live racing days with  
13 an average on-track handle on the live racing product of a minimum of  
14 one hundred fifty thousand dollars per day during the twelve months  
15 immediately preceding the application date.~~

16 (9) A licensee conducting simulcasting under this section shall  
17 place signs in the licensee's gambling establishment under RCW  
18 9.46.071. The informational signs concerning problem and compulsive  
19 gambling must include a toll-free telephone number for problem and  
20 compulsive gamblers and be developed under RCW 9.46.071.

21 (10) Chapter 10, Laws of 2001 1st sp. sess. does not establish a  
22 new form of gaming in Washington or allow expanded gaming within the  
23 state beyond what has been previously authorized. Simulcast wagering  
24 has been allowed in Washington before August 23, 2001. Therefore, this  
25 section does not allow gaming of any nature or scope that was  
26 prohibited before August 23, 2001. Chapter 10, Laws of 2001 1st sp.  
27 sess. is necessary to protect the Washington equine breeding and racing  
28 industries, and in particular those sectors of these industries that  
29 are dependent upon live horse racing. The purpose of chapter 10, Laws  
30 of 2001 1st sp. sess. is to protect these industries from adverse  
31 economic impacts and to promote fan attendance at class 1 racing  
32 facilities. (~~Therefore, imported simulcast race card programs shall~~  
33 ~~not be disseminated to any location outside the live racing facility of~~  
34 ~~the class 1 racing association and a class 1 racing association is~~  
35 ~~strictly prohibited from simulcasting imported race card programs to~~  
36 ~~any location outside its live racing facility.~~

37 (11) ~~If a state or federal court makes a finding that the increase~~  
38 ~~in the number of imported simulcast races that may be authorized under~~

1 ~~chapter 10, Laws of 2001 1st sp. sess. is an expansion of gaming beyond~~  
2 ~~that which is now allowed, chapter 10, Laws of 2001 1st sp. sess. is~~  
3 ~~null and void.~~

4 ~~(12) If any provision of chapter 10, Laws of 2001 1st sp. sess. or~~  
5 ~~its application to any person or circumstance is held invalid, the~~  
6 ~~remainder of chapter 10, Laws of 2001 1st sp. sess. or the application~~  
7 ~~of the provision to other persons or circumstances is also invalid.)~~

8 NEW SECTION. **Sec. 3.** This act is necessary for the immediate  
9 preservation of the public peace, health, or safety, or support of the  
10 state government and its existing public institutions, and takes effect  
11 immediately.

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